

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: U S WEST COMMUNICATIONS, INC.	DOCKET NO. TF-99-109
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ORDER DENYING PETITION FOR RECONSIDERATION

(Issued October 12, 1999)

On April 12, 1999, U S WEST Communications, Inc. (U S West), filed a proposed tariff revision, identified as TF-99-109, to remove message telecommunications service (MTS), operator services (OS), and directory assistance (DA) from its access and local service tariffs. Similar services were deregulated by the Utilities Board (Board) in Deregulation Of Competitive IntraLATA Interexchange Services; InterLATA And IntraLATA ISDN, Operator Services, And Directory Assistance Services; And Voice Messaging Service, Docket No. INU-95-3, when the Board found certain interexchange services to be subject to effective competition, pursuant to IOWA CODE § 476.D (1995). U S West proposed to remove these local exchange services from its tariff in the belief that they could be deregulated as a result of the Board's findings in Docket No. INU-95-3.

The proposed removal of the MTS portions of the tariff was permitted to take effect on April 27, 1999. The Board suspended removal of the OS and DA services

to give U S West and any other interested persons an opportunity to brief certain issues identified by the Board.

U S West and the Consumer Advocate Division of the Department of Justice (Consumer Advocate) subsequently filed briefs addressing the questions asked by the Board. The parties disagreed regarding the question of whether the Board deregulated local DA and local operator services in Docket No. INU-95-3. The Board reviewed the arguments and found that it did not consider deregulation of local services, DA to other carriers, or access services in Docket No. INU-95-3, which was primarily (if not entirely) concerned with intraLATA retail services. As a result, on August 27, 1999, the Board issued an order in this docket finding that Docket No. INU-95-3 provides no basis for deregulating local exchange services in the manner proposed by U S West. The Board also declined to deregulate local directory assistance on the basis of a record that did not address local services. Accordingly, the Board rejected U S West's proposed tariff revisions relating to local services, DA, and access services.

In its August 27, 1999, order, the Board also directed U S West to modify and re-file certain pages as necessary to accommodate the rejection of the proposed revisions and to restore references to services that are not being removed from the tariff. Finally, U S West was directed to revise certain tariff pages to permit the elimination of Iowa Tariff No. 1, Section 6, relating to MTS services.

On September 15, 1999, U S West filed a petition for reconsideration of the August 27, 1999, order. U S West argues that the record in Docket No. INU-95-3 is sufficient to support deregulation of local DA and local operator services, despite the fact that the docket was focussed on intraLATA services, rather than local services. U S West also filed a request that the tariff filing requirements of the August 27, 1999, order be deferred pending the Board's ruling on the petition for reconsideration. The latter request was granted by order issued September 16, 1999.

On September 20, 1999, Consumer Advocate filed a response to U S West's petition for reconsideration, arguing that the Board's August 27, 1999, decision is correct and should not be reconsidered. Consumer Advocate points out that there is nothing in the Board's order that prohibits U S West from proposing deregulation of local services like directory assistance and operator services, if U S West believes it can make the necessary evidentiary showing of competition.

The Board will deny the petition for reconsideration. U S West's petition does not advance any new arguments or offer any additional facts for the Board to consider. Instead, U S West is simply asking the Board to reverse its August 27, 1999, order based upon information and arguments that the Board has already rejected. The fact remains that a telecommunications service cannot be deregulated pursuant to IOWA CODE § 476.1D without a prior finding by the Board that the service is subject to effective competition. The Board has not made any

such finding with respect to the services U S West is now proposing to deregulate. The fact that the Board found effective competition for these services in the interexchange market does not mean the services are also subject to competition in the local exchange market, which is a different market with different competitors. Until the Board finds the existence of effective competition in the relevant marketplace, the service cannot be deregulated pursuant to IOWA CODE § 476.1D.

The August 27, 1999, order clearly stated that "[i]f U S West believes these local services are subject to effective competition and should be deregulated, then U S West should file a petition with the Board to initiate an appropriate proceeding to make that determination." U S West is not being denied deregulation of these services forever; it is only being required to make a showing, if it can, that effective competition exists to permit deregulation of these local services.

IT IS THEREFORE ORDERED:

The "Petition for Reconsideration" filed on September 15, 1999, by U S West Communications, Inc., is denied.

UTILITIES BOARD

/s/ Allan T. Thoms

/s/ Susan J. Frye

ATTEST:

/s/ Raymond K. Vawter, Jr. /s/ Diane Munns

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Executive Secretary

Dated at Des Moines, Iowa, this 12th day of October, 1999.